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SUBJECT: GOVERNOR EHSAS PRESS CONFERENCE HIGHLIGHTS POHNPEI STATE'S
QUEST FOR ASSISTANCE, NO MATTER THE SOURCE

(U) 1. Summary. In a recent press conference, Pohnpei State Governor John Ehsa highlighted his government's attempts to seek assistance from various sources, including both Taiwan and the People's Republic of China (PRC). He also praised the Compact Infrastructure Sector grants while simultaneously complaining of their insufficiency. End summary.

Pohnpei Governor Holds Rare Press Conference

(U) 2. Pohnpei State Governor John Ehsa held a press conference on June 5 at the state's executive office. Ehsa is the first Governor to hold press conferences, and this was his third such event since assuming office in 2007.

(U) 3. In his opening statement, Ehsa said that Pohnpei did not escape the global financial crisis, but he's thankful for the Infrastructure Sector Grants available under the Amended Compact, referring to that money as "Pohnpei State's own economic stimulus package." He noted that three schools are under construction and should be completed by January 2010. Bidding began on three other schools and construction will start soon. These projects have "created jobs and a boost into the economy." Moreover, Ehsa said he also intends to ask the Department of the Interior for one million dollars under the Compact Maintenance Fund. Since maintenance funds do not have to go to the National Government for approval, Ehsa claimed that his "absolute control" of the funds allows him to get the job done faster.

(U) 4. Ehsa reported that two projects utilizing bio-gas were successfully implemented, thanks to a grant from the People's Republic of China (PRC). The projects use methane from composted pig waste to provide electricity and cooking fuel. He seeks to install similar facilities in all residences that have pig pens, and a large majority of Pohnpeian residences raise pigs. He said each bio-gas unit will cost about \$8,000, and he has asked the United Nations Development Program (UNDP) to help him find funding.

(SBU) 5. Ehsa also reported that the PRC's pilot farm project has been successful. He asked the PRC Government to extend the program for another year. [NOTE: "Success" is not a term officials at the PRC Embassy would use. In previous conversations with post personnel, they indicated their intention to shut the farm down, citing the lackadaisical work standards of local employees and crop theft. End note.] This is the second time his government has asked for an extension to the pilot farm project.

(SBU) 6. The Governor has also courted Taiwan for commercial assistance and other aid despite the national government's official recognition of the People's Republic of China. In fact, Ehsa traveled to Taiwan earlier this year to discuss opening a trade office in Taipei, which created some tensions

with the Chinese Embassy in Pohnpei and the national government.

Highlighting his efforts, Ehsa announced that Taiwan will assist Pohnpei by building additional hydroelectric plants. He said that Taiwanese engineers identified potential sites to build five such plants. Ehsa claimed that the total capacity of the facilities will be 10 megawatts. Since Pohnpei's normal consumption is 7 megawatts per day, the state's future capacity will exceed its current power needs.

(U) 7. Ehsa also reported on new business opportunities. He said that Hong Kong entrepreneur Eric Hotung is interested in financing a 3-5 star hotel in Pohnpei. Ehsa also claimed that the Shanghai Deep Sea Company wants to open a tuna processing facility in Pohnpei, creating about 500 local jobs. [NOTE: Ehsa did not elaborate on how this compares to a similar investment plan by the American company Oceania that was blocked by the previous Governor's administration. Nor did he explain how to resolve the potential conflict with Luen Thai, a company that already operates a tuna processing facility in Pohnpei. End Note.]

(U) 8. The Governor's statement elicited about eight questions from the audience. One person asked if the overtures to Taiwan violated the FSM's one-China policy. Ehsa responded that the relationship with Taiwan dealt strictly with trade and private sector development, unaffected by the diplomatic relationship with the People's Republic of China. Moreover, he claimed that the Pohnpei State Constitution allows him to conduct business with Taiwan. Another questioner asked the Governor to comment on local complaints regarding his extensive travel abroad. Ehsa said that without travel he wouldn't have been able to make the accomplishments he made. Ehsa added that he had to travel to seek outside financial assistance to achieve his development

KOLONIA 00000091 002 OF 002

plans. Ehsa complained that Compact funds are not sufficient to develop the state.

Limited Audience, but First Live Broadcast

(U) 9. Attendance at the conference demonstrated the paucity of media in Pohnpei state. Bill Jaynes of the Kaselehlie Press, a biweekly newspaper, attended, as did Dave Arthurs of the Calvary Christian radio station. Martin Jano also attended. Jano published the Da Rhong (What's The News) newspaper until about two years ago when he ran out of money. Bermin Weilbacher, who runs the "Bernmin News Network" (BNN) also attended. BNN is a website containing Weilbacher's comments on local news. Pohnpei State Radio's presence did give the event an air of importance, however. It was the first time the station broadcast one of the Governor's conferences live.

(U) 10. Members of the diplomatic corps actually outnumbered the members of the press, at least initially. Two representatives from the Chinese Embassy showed up, but left about half way through the conference. The press officer from the Japanese Embassy was there, as was Embassy Kolonia's Pol/Mil Assistant and DOI Representative.

Comment

(SBU) 11. Economic issues dominated the Governor's press conference. The Governor seeks to play both sides against one another by seeking aid from both Taiwan and the PRC. While his comments may betray Pohnpei's dissatisfaction with the Federation (to wit: the Governor's apparent belief that his state constitution overrides the federal government's primacy in foreign affairs), the Governor's greatest motivation appears to be economic benefit, not constitutional crisis. Ehsa displays a sincere interest in furthering his state's development.

(SBU) 12. However, it is noteworthy that the only foreign investment and/or private sector development mentioned involved two planned projects that may or may not take place. The

Governor failed to mention any present-day foreign investment, tacitly acknowledging that such business ventures are practically nonexistent. The Governor focuses on obtaining foreign assistance, not foreign investment, a strategy that encourages more dependency than development. End comment.
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